

Tanana Power Company, Inc.
Cost of Power Adjustment (COPA)/Small Facility Power Purchase Rate(SFPPR)/
Power Cost Equalization (PCE)
Update Memorandum

Date: **March 3, 2022**

Utility Name (Cert. No.) Tanana Power Company, Inc.	Utility File No. TA175-92	Date Filed: January 27, 2022
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FILING SUMMARY				
Statutory Deadline: March 14, 2022	Tariff Sheets recommended for approval: Tariff Sheet No. 86 Filed on January 27, 2022 Tariff Sheet No. 87 Filed on January 27, 2022 Tariff Sheet No. 80 Filed on January 27, 2022		Staff Recommended Effective Date: March 14, 2022	
Side-by-side Tariff Sheets attached as Appendix 4				
COPA SUMMARY				
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)	
TA174-92 12/6/2021	\$ 0.1376	\$ 0.1255	\$ (0.0121)	
SFPPR SUMMARY				
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)	
TA174-92 12/6/2021	\$ 0.2259	\$ 0.2286	\$ 0.0027	
PCE SUMMARY				
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)	
U-21-019(6) 1/1/2022	0.3327	0.3210	(0.0117)	

Signed: Keiba Kimp Utility Tariff Analyst
 Keiba Kimp

Reasons for the above recommendation: See Attached Memorandum

	Date, if different from 3/3/2022	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		RMP		
Kurber		KKI		
Scott		AGS		
Sullivan		DS		
Wilson		JWW		

Special Instructions to Staff: _____

* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

**Tanana Power Company, Inc.
COPA/SFPPR/PCE
Update Memorandum**

To: Robert M. Pickett, Chair
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: March 3, 2022

File: TA175-92

Utility: Tanana Power Company, Inc.

From: Keiba Kimp

Subject: COPA, SFPPR, PCE

COPA Comments:

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA rates are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The projected fuel costs increased from \$71,219 to \$75,024. The balancing account balance decreased from \$5,409 to \$744. The projected kWh sales increased from 315,260 kWh to 328,131 kWh. The downward pressure from the decrease in the balancing account balance and increase in kWh sales offsets the upward pressure from the increase in fuel costs, resulting in a decrease in Tanana Power Company's (TPC) COPA surcharge from \$0.1376/kWh to \$0.1255/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 86, filed January 27, 2022, by Tanana Power Company, Inc. with TA175-92. The effective date of the tariff sheet should be March 14, 2022.

SFPPR Comments:

TPC's tariff provides that the rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, plus the variable O&M expense and energy portion of purchased power expense for the same period, divided by the number of kWh sold in the most recent quarter.

Staff Notes:

TPC proposes an SFPPR of \$0.2286/kWh. This is an increase of \$0.0027/kWh from the previously approved SFPPR of \$0.2259/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 87, filed January 27, 2022, by Tanana Power Company, Inc. with TA175-92. The effective date of the tariff sheet should be March 14, 2022.

PCE Comments:

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses on the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

Staff Notes:

Staff notes that TPC met the generation efficiency levels and line loss standards set out in 3 AAC 52.620. TPC proposes a \$0.0117/kWh decrease in its PCE amount from \$0.3327kWh to \$0.3210kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 80, filed January 27, 2022, by Tanana Power Company, Inc. with TA175-92. The effective date of the tariff sheet should be March 14, 2022.

Tanana Power Company, Inc.
Calculation and Comparison of 500 kWh Bill
TA175-92

Customer Bills	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Surcharge (\$/kWh)	\$0.1376	\$0.1255	(\$0.0121)
PCE (\$/kWh)	\$0.3327	\$0.3210	(\$0.0117)
500 kWh Customer Bill			
Energy @ \$0.5693/kWh for the first 200 kWh, \$0.5372/kWh for the next 200 kWh, and \$0.4909/kWh for over 400 kWh	\$270.39	\$270.39	\$0.00
Customer Charge	\$0.00	\$0.00	\$0.00
Regulatory Cost Charge @ \$0.001016/kWh	\$0.51	\$0.51	\$0.00
Surcharge Amount (\$)	\$68.80	\$62.75	(\$6.05)
PCE Credit Amount (\$)	(\$166.35)	(\$160.50)	\$5.85
Total Customer Bill (\$)	\$173.35	\$173.15	(\$0.20)

Tanana Power Company, Inc.
Cost of Power Adjustment Amount
TA175-92

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$2.8610	\$2.8610
B	Estimated Fuel Consumption	24,893	26,223
C	Total Estimated Fuel and Power Costs (A*B)	\$71,219	\$75,024
D	Balancing Account Balance	\$5,409	\$744.31
E	Total (C+D)	\$76,628	\$75,767.3
F	Estimated Retail Sales	315,260	328,131
G	Projected Cost of Power (E/F)	\$0.243063	\$0.230907
H	Base Cost of Power	\$0.105428	\$0.105428
I	Cost of Power Adjustment Amount (G-H)	\$0.1376	\$0.1255

Comments	

Costs			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Per Unit Fuel Cost	\$2.8610	\$2.8610	\$0.0000
Total Fuel Cost	\$54,343.76	\$72,279.06	\$17,935.30
Balancing Account	\$5,408.52	\$744.31	(\$4,664.21)

Revenues			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Sales	245,261	311,085	65,824
Surcharge Revenues	\$30,287.69	\$44,146.21	\$13,858.52
Base Cost Revenues	\$25,857.38	\$32,797.07	\$6,939.69

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Mar 3, 2022 09:22 AKST)

Email: keith.kurber@alaska.gov

Signature: 

Email: antony.scott@alaska.gov

Signature: 
Daniel Sullivan (Mar 3, 2022 14:51 AKST)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Mar 3, 2022 18:34 AKST)

Email: janis.wilson@alaska.gov

Tanana Power Company, Inc.
POWER COST EQUALIZATION
TA175-92

Calculation of Power Cost Equalization		
Line	Description	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	0.3073
B	Fuel Power Costs	0.2431
C	Total Power Costs	0.5504
D	Total Costs Less \$0.2003/kWh	0.3501
E	95% of Total Power Costs	0.3327
F	Statutory Maximum [(1-0.2003)*0.95]	0.7597
G	Lesser of E or F	0.3327
H	Customer Class Rate	
	Res./Sm. Comm./Stand-by	0.4670
	Street & Yard Lighting	0.3997
	Community Facilities	
	Commercial Over 1,000 kWh	0.3927
	Commercial Next 10,000 kWh	0.3747
	Commercial Over 20,000 kWh	0.3490
I	Power Cost Equalization - Lesser of G or H	
	All Customers	0.3327
J	Power Cost Equalization - After Reduction	100%
	All Customers	0.3327

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-99-117	
2	Allowable Non-Fuel Cost	\$ 445,123
3	Twelve Month Total kWh Sales	1,453,185
4	Regulatory Cost Charge	\$ 0.001016
5	Total Non-Fuel Power Costs	0.3073
6	FUEL COSTS	
7	Current Fuel Price	\$ 2.8610
8	Estimated Fuel Consumption (gallons)	26,223
9	Estimated kWh Sales (kWh)	328,131
10	Balancing Account Balance	\$ 744.31
11	Total Fuel Power Costs	0.2309
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	75,024.00
2	Balancing Account Balance	744.31
3	Total	75,768
4	Estimated Retail Sales	328,131
5	Projected Cost of Power	0.230908
6	Base Cost of Power	0.10543
7	Surcharge	0.1255

Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	COPA Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.2003/kWh (\$/kWh)
1	Res./Sm. Comm./	0.5693	-	0.1255	0.001016	0.6958	139.16		
2	Res./Sm. Comm./	0.5372	-	0.1255	0.001016	0.6637	132.74		
3	Res./Sm. Comm./	0.4909	-	0.1255	0.001016	0.6174	61.74		
4	Res./Sm. Comm./						333.64	0.6673	0.4670
5	Street & Yard Lighting - Assuming 500 kWh		357.98	0.1255	0.001016	0.1265	358.11	0.7162	0.3997
6	Community Facilities								
7	Commercial Over 1,000 kWh	0.4665	-	0.1255	0.001016	0.5930	296.50	0.5930	0.3927
8	Commercial Next 10,000 kWh	0.4485	-	0.1255	0.001016	0.5750	287.50	0.5750	0.3747
9	Commercial Over 20,000 kWh	0.4228	-	0.1255	0.001016	0.5493	274.65	0.5493	0.3490

RCA No. 92 135th Revision Sheet No. 80
 Canceling
134th Revision Sheet No. 80

Tanana Power Company, Inc.

RECEIVED
December 30, 2021
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community facility served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of PCE to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

NON-COMMUNITY FACILITY CUSTOMERS

SCHEDULE	PCE AMOUNT	
Residential	\$0.3327 kWh	I
Street and Yard Lighting*	\$0.3327 kWh	I

COMMUNITY FACILITY CUSTOMERS

Residential & Small Commercial	\$0.3327 kWh	I
Commercial over 1,000	\$0.3327 kWh	I
Standby Service	\$0.3327 kWh	I
Street and Yard Lighting	\$0.3327 kWh	I

Pursuant to U-21-019(6) Effective January 1, 2022

Issued By: Tanana Power Company, Inc.

By: Don Eller Title: President

RCA NO. 92 136th Revised Sheet No. 80
 Canceling
135th Revised Sheet No. 80

TANANA POWER COMPANY, INC.



POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community facility served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of PCE to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

NON-COMMUNITY FACILITY CUSTOMERS

SCHEDULE	PCE AMOUNT	
Residential	.3210kwh	R
Street and Yard Lighting*	.3210kwh	R

COMMUNITY FACILITY CUSTOMERS

Residential & Small Commercial	.3210kwh	R
Commercial over 1,000	.3210kwh	R
Standby Service	.3210kwh	R
Street and Yard Lighting	.3210kwh	R

Tariff Advice No. 175-92

Effective:

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President

RCA No. 92 86th Revised Sheet No. 86
Canceling
85th Revised Sheet No. 86

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OCT 22 2021

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated costs for quarter beginning October 1, 2021

Source	Estimated Quantity	Estimated Unit Cost	\$	Total
Diesel Fuel	<u>24,893</u>	<u>2.861</u>	\$	<u>71,219</u>
Purchased power			\$	<u>0</u>
TOTAL			\$	<u>71,219</u>

2. Balance in Cost of Power Balance Account
as of: September 30, 2021 5,409

3. TOTAL (1 + 2) \$ 76,627

4. Estimated retail sales for quarter (kWh) 315,260

5. Projected cost of power (3 / 4) \$ 0.243061 kWh

6. Base cost of power \$ 0.105428 kWh

7. Cost of power adjustment amount \$ 0.1376 R

Tariff Advice No.: 174-92

Effective: **December 6, 2021**

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President

RCA No. 92 87th Revised Sheet No. 86
Canceling
86th Revised Sheet No. 86



TANANA POWER COMPANY, INC.

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated costs for quarter beginning January 1, 2022

Source	Estimated Quantity	Estimated Unit Cost	\$	Total
Diesel Fuel	<u>26,223</u>	<u>2.861</u>	\$	<u>75,024</u>
Purchased power			\$	<u>0</u>
TOTAL			\$	<u>75,024</u>

2. Balance in Cost of Power Balance Account
as of: December 31, 2021 744

3. TOTAL (1 + 2) \$ 75,768

4. Estimated retail sales for quarter (kWh) 328,131

5. Projected cost of power (3 / 4) \$ 0.230909 kWh

6. Base cost of power \$ 0.105428 kWh

7. Cost of power adjustment amount \$ 0.1255 R

Tariff Advice No.: 175-92

Effective:

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President

RCA NO. 92 25th Revision Sheet No. 87
 Canceling 24th Revision Sheet No. 87

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STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The rate at which the Utility will purchase non-firm power from qualifying facilities with a nameplate capacity of less than 100kW.

The SFPPR, expressed in cents-per-kilowatt-hour, is determined from the sum of fuel costs and variable operations and maintenance expenses and the energy portion of purchased power expense, using the same period employed to project costs and sales in the COPA methodology, divided by the number of kilowatt-hours sold for the same time period.

Fuel Costs	\$71,219
Variable O&M Expense	\$0
Energy Portion of Purchased Power Exp	\$0
kWh Sold	315,260

The SFPPR Rate for the current period is:

$\frac{\$71,219}{315,260} + \$0 + \$0 = \0.2259 per kWh

The SFPPR will be updated with the COPA.

Tariff Advice No.: 174-92

Effective: **December 6, 2021**

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President

RCA NO. 92 26th Revision Sheet No. 87
 Canceling 25th Revision Sheet No. 87



TANANA POWER COMPANY, INC.

SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The rate at which the Utility will purchase non-firm power from qualifying facilities with a nameplate capacity of less than 100kW.

The SFPPR, expressed in cents-per-kilowatt-hour, is determined from the sum of fuel costs and variable operations and maintenance expenses and the energy portion of purchased power expense, using the same period employed to project costs and sales in the COPA methodology, divided by the number of kilowatt-hours sold for the same time period.

Fuel Costs	\$75,024
Variable O&M Expense	\$0
Energy Portion of Purchased Power Exp	\$0
kWh Sold	328,131

The SFPPR Rate for the current period is:

$\frac{\$75,024}{328,131} + \$0 + \$0 = \0.2286 per kWh

The SFPPR will be updated with the COPA.

Tariff Advice No.: 175-92

Effective:

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President